

MUNICIPAL PUBLIC ACCOUNTS OVERSIGHT REPORT FOR 2020/21, 2021/22 AND 2022/23 FINANCIAL YEARS

PURPOSE

Section 129 of the MFMA requires the Municipal Council to consider the Annual Reports of its municipality and municipal entities and to adopt an Oversight Report containing the Municipal the Municipal Council's comments on each Annual Report.

FOR NOTING / FOR DECISION BY

The following options exist in terms of noting / for decision by:

- Council (to approve)

The item/report has been considered by a portfolio committee.

This item is for decision by Council.

BACKGROUND

The Oversight report is a report of the Municipal Council and follows consideration and consultation on the Annual Report by the Council itself. The purpose of the Annual Report is to:

- provide a record of the activities of the municipality or entity;
provide a report on performance in service delivery and against the budget
- provide information that supports the revenue and expenditure decisions made; and
- promote accountability to the local community for decisions made Council is vested with the responsibility to oversee the performance of the municipality, as required by the Constitution, the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA).

The Municipal Council has delegated the responsibility of the Oversight Report on the Annual Reports to MPAC in terms of Council resolution and MPAC is responsible to:

- consider and evaluate the Annual Reports as tabled to Council, and thereafter make recommendations to Council in this regard
- compile an Oversight Report and table it in Council no later than sixty days from the date of which the Annual Reports was tabled, in terms of Section 129 of the MFMA.

The Municipal Public Accounts Committee therefore in its work should check whether the information contained in the Annual Reports is a fair and record of the performance of the municipality and properly accounts for the actions of the municipality in the financial year reported upon.

MPAC consists of the following members:

Cllr R Kok (Chairperson)
Cllr A Bosman
Cllr IB Wagter
Cllr TE Nkukane
Cllr P Louw
Cllr K Kock

2020/21, 2021/22, 2022/23 ANNUAL REPORTS CONSULTATION PROCESS (INTERNAL)

The Annual Reports for 2020/21, 2021/22 and 2022/23 were distributed in March 2024.

The role of the MPAC is to analyse and the review the Annual Reports in detail. Inputs by the committee were submitted as follows.

There has been a delay in complying with the requirement stated in MFMA Section 127 (2), for the Executive Mayor to submit the annual report to Council, within seven months after the end of the financial year. This delay was attributed to the vacancy of the IDP Manager position for the past six years. The service provider responsible for the Performance Management System was appointed to assist with the completion of the backlog for the annual reports for 2020/21 and 2021/22. The Annual report for 2022/23 had been completed by the municipality thus the reason for only tabling all three annual reports during a Special Council meeting held on 28 June 2024 to catch up with the backlog.

Oversight Reports on Annual Reports

As per Section 129 of the MFMA:

- (1) The council of a municipality must consider the annual report of the municipality and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council
 - (a) has approved the annual report with or without reservations;
 - (b) has rejected the annual report; or
 - (c) has referred the annual report back for revision of those components that can be revised.
- (2) The accounting officer must
 - (a) attend council and council committee meetings where the annual report is discussed, for the purpose of responding to questions concerning the report; and
 - (b) submit copies of the minutes of those meetings to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.
- (3) The accounting officer must in accordance with section 21A of the Municipal Systems Act make public an oversight report referred to in subsection (1) within seven days of its adoption.
- (4) The National Treasury may issue guidelines on
 - (a) the manner in which municipal councils should consider annual reports and conduct public hearings; and
 - (b) the functioning and composition of any public accounts or oversight committees established by the council to assist it to consider an annual report.

The Annual Reports was placed on the Sol Plaatje Municipality's website and was further submitted to the Auditor General, Provincial Treasury and the Provincial Department of Local Government as required by Legislation.

The MPAC conducted meetings with the Senior Management of the municipality to adopt a process plan for the adoption of the annual reports. The process plan was adopted by the MPAC during a special MPAC meeting held on 13 March 2024 and as such, the process plan was followed.

A. Dates for presentations of the Annual Reports 2020/21, 2021/22 and 2022/23 as follows at 09h00 until 16h00 at the council chamber. The presentations were scheduled into two parts. Part 1 was for the presentation of the 2020/21 & 2021/22 Annual reports, whilst part 2 was for the 2022/23 Annual report.

Presentations were interrogated by MPAC Members as presented below for the 2020/21 & 2021/22 Annual Reports:

<u>Department/Directorate</u>	<u>Presenter or delegated official</u>	<u>Dates</u>
Corporate Services (Acting Director)	Mr. D Lang	02 May 2024
Financial Services (Acting CFO)	Mr. K Samolapo	02 May 2024
Strategy, Economic Development and Planning (Director)	Ms. N. Tyabashe-Kesiamang	02 May 2024
Infrastructure and service (Acting Director)	Mr .Mkhize	02 May 2024
Community Services and Social Development (Director)	Mr. K. Bogacwi	02 May 2024
Corporate Services (Acting Director)	Mr. D Lang	18 June 2024
Financial Services (Acting CFO)	Mr. James Chisango	18 June 2024
Strategy, Economic Development and Planning (Acting Director)	Mr. Moss Mathebula	18 June 2024
Infrastructure and service (Acting Director)	Mr Mkhize	18 June 2024
Community Services and Social Development (Director)	Mr. K. Bogacwi	18 June 2024

The directorates presented their reports to the committee. The committee welcomed the presentations that were made. The presentations were interrogated by the MPAC, and the Directors provided clarity and responses to all questions raised.

MPAC, accompanied by the IDP manager and the PMU Manager also conducted a site visit to all projects implemented during the 2022/23 financial year.

PUBLIC PARTICIPATION

Subsequent to the internal consultative processes, a notice was published in the local newspaper on 14 June 2024 to invite the community to access and make comments on the Annual Reports on the municipal website, at the municipality, and at all municipal libraries.

CONCLUSION

The purpose of the MPAC is to provide an accurate overview of the processes of the financial year and non-financial performance during the period under review.

These Annual Reports tabled before Council are a backlog of three consecutive financial years. It is alarming that a municipality can operate for three years without complying with the Municipal Financial Management Act (MFMA of 2003). The Committee deems this act as unacceptable and emphasizes that this non-performance will not be tolerated in the future.

We commend the Municipal Manager and the administration for their efforts in addressing the backlog and prioritizing completion of all three outstanding annual reports.

Annexures

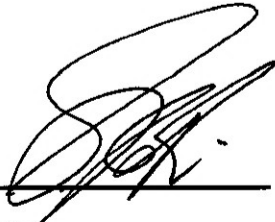
1. Notice to all Directorates; Invite to Directorates of the Annual Report
2. Notice of the Special MPAC with the Schedule
3. Presentations of Directorates
 - 3.1 Corporate Services
 - 3.2 Financial Services
 - 3.3 Strategy, Economic Development and Planning
 - 3.4 Infrastructure and Services
 - 3.5 Community Services and Social Development
4. Newspaper notice for public comments.
5. 2020/21, 2021/22 & 2022/23 Annual reports (circulated per e-mail)

SITE INSPECTIONS/VISITS

Discussion summary:

1. Committee members raised concerns about projects which are not completed. There were incomplete projects at Eagle Street and Legae Pump Station; Homevale Fire Station and Carters Ridge Phase 1 and 2.
2. The PMU Manager suggested that follow up site inspections be conducted to assess the progress of the highlighted findings and added that a time-frame be indicated.
3. Committee members raised concerns about projects which are not completed.
4. The MPAC Committee suggested a comprehensive and detailed progress report be tabled and drafted. Adding that a timeframe be developed to verify and assess progress of outstanding projects.
5. As per request for the follow up site visit, a senior engineer to accompany the committee members for the site inspections.
6. The Committee alluded that a complete irregular expenditure register of the past 5 years has not been completed.
7. The committee requested a report of asset theft such as cable theft from the different plants and raised a concern of police cases never opened regarding such theft, displaying a lack of accountability.
8. The MPAC Committee confirmed that all projects were part of the IDP.
9. MPAC raised concerns regarding consulting companies which are been paid huge sums of money but still projects are not completed.

10. Security is needed in all departments as most of our infrastructure is vandalized.
11. Lack of project managers and incompetent acting /inexperience individuals in acting positions.
12. Safety in the institution should be a priority as the municipality is losing human lives.
13. Non-filling of vacant and funded posts that are critical to the municipality.

A handwritten signature in black ink, appearing to be 'R. KOK', written over a horizontal line.

CLLR R KOK
CHAIRPERSON: MPAC